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No. 1131

In the

Supreme Court of The United States

BANKERS COMMERCIAL LIFE INSURANCE COMPANY, GREAT UNITED LIFE INSURANCE COMPANY, both corporations, and JOHN ABDNER, an individual,
Petitioners,

v.

AMERICAN HOSPITAL ASSOCIATION, GROUP HOSPITAL SERVICE, INC., GROUP LIFE AND HEALTH INSURANCE COMPANY, and GROUP corporations,
Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

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Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

To the Honorable Chief Justice and Associate Justices of the Supreme Court of the United States.

Bankers Commercial Life Insurance Company and Great United Life Insurance Company, both corporations, and John Abdnor, an individual, the petitioners herein, pray that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Fifth Circuit entered in the above entitled case on December 3, 1968.

OPINIONS BELOW

The opinion of the Circuit Court of Appeals for the Fifth Circuit is unreported and printed in Appendix A hereto, infra, page ..... The judgment of the United States Court for the Northern District of Texas is printed in Appendix A hereto, infra, page.....

JURISDICTION

The judgment of the United States Court of Appeals for the Fifth Circuit was entered December 3, 1968, (infra Appendix A, page .....). Rehearing was denied January 21, 1969. (infra, Appendix A, page .....). The jurisdiction of the Court is invoked under Title 28 U.S.C. Sec. 1254 (2).

QUESTIONS PRESENTED FOR REVIEW

POINT 1. Whether a judgment can be based solely on hearsay evidence?

POINT 2. Where an action for trade mark infringement is brought under federal and state statutes, and the essentials of infringement is fixed by the terms of the statute, is the Court justified in cancelling the service mark registration of the petitioners (defendants) in the absence of proof by the Respondents (Plaintiffs) of all the essentials of infringement fixed by the terms of the statute?

POINT 3. Whether a well-informed party, with knowledge of claimed invasion of right, can wait to see

how successful his competition will be and then destroy, with aid of court decree, much that competitor has stood for and accomplished, especially where trade mark infringement is genuinely debatable question?

POINT 4. Whether a color can become someone's exclusive property as a perpetual monopoly in connection with a specific product?

STATUTES INVOLVED

Title 15 U.S.C. 1114 (1)

Texas Civil Statutes:

Article 851C-Registration and Protection of Trademarks

Article 3.70-2(A) (8)-Insurance Code

STATEMENT

This is an action by Respondents, (Plaintiffs in the trial court) alleging trademark infringement under the Lanham Act, Title 15, U.S.C.A., Section 1051 et seq. and Article 851C, Texas Civil Statutes. Trial was before the Court and judgment was entered cancelling the registration of Petitioners' service mark "Blue Crown" and permanently enjoining them from "using in any way in connection with the sale, offering for sale or advertising of insurance, "Blue Crown", "Blue Crown Plan" and the word "Blue" in combination with any other words or designs * * *" (Record 74)

Petitioners (Defendants in the trial court), are the owners of the mark "Blue Crown" and Respondents are the owners of the marks "Blue Cross" and "Blue Shield". The color used in connection with all of the marks is blue. (Record 65).

Petitioners and Respondents sell hospitalization insurance, but over ninety (90%) percent of Respondents sales are made to groups of employees by contract through an employer (Record 150) whereas, Petitioner sells only to individuals. (Record 366)

Respondents first learned of Petitioners use of the mark "Blue Crown" in 1962 (Record 138). Respondents gave notice of claimed infringement on July 3, 1962 (Record 65). This suit was not filed until September, 1966, a period in excess of four years. (Record 2) The only excuse given by Respondents for such delay was that their budget limited them to the filing and prosecution of one suit at a time. (Record 173-177) Petitioners spent thousands of dollars to create a valuable asset in their mark during the delay believing they had abandoned their claim (Record 377). Petitioners and Respondents have offices in Dallas, Texas. (Record 2)

There is no evidence of the occurrence of a single case of actual confusion and no evidence to show any probable injury to Respondents' business (Record 348). Every policy issued has printed on it a notice stating that the person to whom that policy is issued may can-

celled it within 10 days if such person is not satisfied with it for any reason (Record 156)

The only evidence of any confusion is hearsay, namely the results of a survey conducted by Respondents which purportedly showed that when shown the mark "Blue Crown", 42.4% of the individuals interviewed indicated it "suggested a connection" with "Blue Cross" or "Blue Shield". (Record 213)

Findings of fact pertinent to the case are:

> "*Number 15.* A random survey of people in Dallas and Fort Worth revealed that when shown the mark "Blue Crown", 42.4% of the individuals indicated the trademark *suggested a connection* with Blue Cross, Blue Shield or Blue Cross-Blue Shield."
>
> "*Number 17.* A purchaser of one of Defendants' Blue Crown policies having an indefinite recollection of the details of Plaintiffs' marks might be likely to believe he is buying one of the Blue Cross-Blue Shield policies."
>
> "*Number 18.* The similarity of the insignia and color of the marks of Plaintiffs and Defendants might make the purchaser of Defendants' Blue Crown policy think that the Blue Crown insurance was a modification of the Blue Cross-Blue Shield insurance of which he had heard." (Record 65)

REASONS FOR GRANTING WRIT

POINT 1. The judgment on appeal is based on hearsay testimony—the results of a survey. The courts, with certain exceptions, have consistently refused to admit hearsay testimony into evidence. "The reason for the rule is that the unsworn statement of a person not called

as a witness or subject to the test of cross-examination is not recognized as having sufficient probative effect to raise an inference that the fact is as stated". *Superior Engraving Co. v. N.L.R.B., 183 F. 2d* 783, certiorari denied 71S. Ct. 490, 340 U. S. 930, 95 L. Ed. 691.

No person should be deprived of a valuable property right based on the results of a survey. Unquestionably, there are many possible deficiencies, sources of error, and untrustworthiness in the results of a survey. One example of the erroneous results of surveys is the Presidential Election for the year 1948 between President Truman and Mr. Dewey.

POINT 2. The judgment of the trial court and the U. S. Court of Appeals for the Fifth Circuit is in conflict with the opinion in the case of *Fram Corporation v. W. E. Boyd, d/b/a Web Filter Company* 5th Circuit, 230 F. 2d 931.

In the case before this court there was no evidence to show the occurrence of a single case of actual confusion of Petitioners' and Respondents' policies and the findings of fact only indicate that a person purchasing one of Petitioners' policies "might" believe it to be a modification of Respondents' policies.

In the case of *Fram Corporation v. W. E. Boyd, d/b/a Web Filter Company* (5th Circuit) 230 F. 2d 931 the court said "* * * * * * the existence of a mere possibility of deception does not in and of itself constitute a basis on which to sustain a charge of unfair competition. 'In

the absence of proof of any confusion or of at least probable injury to the plaintiff's business, the law is too well settled to require further discussion that no relief may be granted on the ground of unfair competition.' *El Chico Inc. v. El Chico Cafe*, 5th Circuit, 214 F. 2d 721, and the numerous cases cited therein."

Title 15 U.S.C.A. Sec. 1114 (1) (a) requires complainants to prove by a preponderance of the evidence that Petitioners use of their mark "is likely to cause confusion, or to cause mistake, or to deceive * * *".

No person should be deprived of a valuable asset based on what someone "might believe".

POINT 3. The judgment of the trial court and the U. S. Court of Appeals for the Fifth Circuit is in conflict with the opinion in the case of *Valvoline Oil Company v. Havoline Oil Co.*, 211 F. 189.

In the case before the court the Respondents learned of Petitioners use of the mark "Blue Crown" in 1962, but did not file suit until September 1, 1966. The only excuse given for the delay was that the budget of Respondents limited them to the filing and prosecution of a single lawsuit at a time.

In the case of *Valvoline Oil Company*, the court said:

> "I am of the opinion that equity as applied to modern business developments requires that, in

this particular case, injunctive relief in any event be denied. No satisfactory explanation is given for the delay, and, during that time, the defendants have spent thousands of dollars to create a valuable asset in the word 'Havoline.' Complainant is not uninformed, as in Mosler v. Lurie, but is a business corporation in this very same kind of business. There are cases where delay is excusable because it is necessary to obtain essential testimony or because a person unfamiliar with the subject matter is ignorant of his rights, or where there is some situation that shows that a defendant should not be permitted to go on with his own wrongful conduct just because he has continued it for a long time.

"But it cannot be equitable for a well-informed merchant with knowledge of a claimed invasion of a right, to sit and see how successful his competitor will be, and then destroy with the aid of a court decree much that the competitor has striven for and accomplished—especially in a case where the most that can be said is that the trademark infringement is a genuinely debatable question."

The judgment is also in conflict with the opinions in the following cases:

(1) *Robinson v. Plastics Research and Development Corp.*, 264 F. Supp. 852.

(2) *General Controls Co. v. Hi-G, Inc.* 212 F. Supp. 152.

(3) *Bisceglia Bros., Corp. v. Fruit Industries*, 20 F. Supp. 564, affirmed 101 F. 2d 752, Certiorari denied U.S. S. Ct.

(4) *Tigert-Allen Fertilizing Co. v. J. F. Tigert Co.*

(5) *Adam Hat Stores v. Lefco, et al* 134 F. 2d 101.

The user of a trade-mark should not be put in the position, when claimanant asserts infringement, of abandoning his mark or waiting for four years and running the risk of losing thousands of dollars he has spent to create a valuable asset in his mark when likelihood of confusion is a genuinely debatable issue.

POINT 4. The judgment of the trial court and the U. S. Court of Appeals for the Fifth Circuit in this case is in conflict with the opinion in the case of *Norwich Pharmacal Company v. Sterling Drug, Inc.*, 271 F. 2d 569 (2nd Cir. 1959) cert. denied 80 S. ct. 671, 362 U. S. 919, 4 L.ed. 2d 739.

In the case before this court petitioners were "enjoined and restrained from using in any way in connection with the sale, offering or advertising of insurance, "Blue Crown", "Blue Crown Plan" and the word "Blue" in combination with any other words or designs, * * * * * * * * *".

In the *Norwich Pharmacal Company v. Sterling Drug, Inc.* case the "defendant, was also enjoined from describing the Pepsamar as pink in color, by words or illustrations, in any advertising of Pepsamar or any promotional material * * * * * *. To say that it is unethical for defendant to emphasize pink in its advertising merely begs the question, viz., can the color pink be monopolized in connection with an upset stomach remedy? That a color may become someone's exclusive property as a

perpeutal monopoly in connection with a specific product has been rejected by the courts throughout the years * * * * * *"

There are only eight basic colors, and if a Company is authorized, with the help of a decree of the court, to monopolize a color only eight companies could be so favored.

CONCLUSION

For the foregoing reasons this petition for a writ of certiorari should be granted.

Respectfully submitted,

G. H. KELSOE, JR.
620 Mercantile Dallas Building
Dallas, Texas 75201

APPENDIX A

In the
UNITED STATES COURT OF APPEALS
FOR THE FIFTH CURCUIT

No. 25947

BANKERS COMMERCIAL LIFE INSURANCE COMPANY, ET AL,
Appellants,

versus

AMERICAN HOSPITAL ASSOCIATION, ET AL,
Appellees.

Appeal from the United States District Court for the Northern District of Texas

---

(December 3, 1968)

Before JONES and COLEMAN, Circuit Judges, and CHOATE, District Judge.

PER CURIAM: The American Hospital Association prevailed in the district court in a trade mark infringement action against Bankers Commercial Life Insurance Company, which has appealed from the injunctive

judgment against it. The district court found that the Blue Crown mark used by Bankers in connection with its hospital service plan infringed upon the registered and protected Blue Cross and Blue Shield marks of American. *American Hospital Association v. Bankers Commercial Life Insurance Company*, N. D. Tex. 1967, 275 F. Supp. 563. The findings of the district court find support in the record and the legal principles applied are correct. We find no error in the judgment and it is

AFFIRMED.

UNITED STATES COURT OF APPEALS

FIFTH CIRCUIT

OFFICE OF THE CLERK

Edward W. Wadsworth
Clerk

Room 408-400 Royal St.
New Orleans, La. 70130
(504) 527-6514

January 21, 1969

To All Parties Listed Below

Re: No. 25947—Bankers Commercial Life Ins. Co., Et Al v. American Hospital Assn., Et Al.

Gentleman:

You are hereby advised that the Court has today entered an order denying the Petition( ) for Rehearing in the above case. No opinion was rendered in connection therewith. See Rule 41, Federal Rules of Appellate Procedure for issuance and stay of the mandate.

Very truly yours,

EDWARD W. WADSWORTH,
Clerk

/s/ FRANCES WOLFF
Deputy Clerk

cc: Mr. G. H. Kelsoe, Jr.
cc: Mr. Otis B. Gary
cc: Mr. James L. Kurtz

UNITED STATES DISTRICT COURT
for the Northern District of Texas
Dallas Division

Civil Action No. 3-1652

AMERICAN HOSPITAL ASSOCIATION, a non-profit corporation; GROUP HOSPITAL SERVICE, INC., a non-profit corporation; GROUP LIFE & HEALTH INSURANCE COMPANY, a corporation; GROUP MEDICAL & SURGICAL SERVICE, a corporation,

Plaintiffs,

v.

BANKERS COMMERCIAL LIFE INSURANCE COMPANY, a corporation and GREAT UNITED LIFE INSURANCE COMPANY, a corporation, JOHN ABDNOR, an individual,

Defendants.

JUDGMENT

ON THIS, the 11th day of September, 1967, came on to be heard the above entitled and numbered cause, and came the Plaintiffs, American Hospital Association, a non-profit corporation; Group Hospital Service, Inc., a non-profit corporation; Group Life & Health Insurance Company, a corporation; and Group Medical &

Surgical Service, a corporation, by their agents and attorneys of record, and came the Defendants, Bankers Commercial Life Insurance Company, a corporation and Great United Life Insurance Company, a corporation and John Abdnor, an individual, by their agents and attorneys of record, and all parties announced ready for trial, and the parties not being entitled to a jury since only equitable relief is sought and the parties having waived a jury in any event, the Court proceeded to hear and consider the pleadings, evidence, briefs and argument of counsel, and being of the opinion that Planitiffs should have Judgment against the Defendants as follows:

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that Defendants, Bankers Commercial Life Insurance Company, a corporation, Great United Life Insurance Company, a corporation, and John Abdnor, an individual, their agents, servants and all those in active concert or participation with them are permanently enjoined and restrained from using in any way in connection with the sale, offering for sale or advertising of insurance, "Blue Crown", "Blue Crown Plan" and the word "Blue" in combination with any other words or designs, or any other colorable imitations of the registered service marks "Blue Cross", "Blue Cross Plan", "Blue Shield" and "Blue Shield Plan".

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the service mark registration

No. 21992 for "Blue Crown" issued by the Secretary of State of the State of Texas on March 24, 1960, to John Abdnor, is hereby cancelled and held for naught.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendants, Bankers Commercial Life Insurance Company, a corporation, Great United Life Insurance Company, a corporation, and John Abdnor, an individual, their agents, servants and all those in active concert or participation with them, shall destroy or mutilate all advertising material, insurance policy forms, plates, mats, matrices, signs, prints, labels, literature and all other material containing or using "Blue Crown" or "Blue Crown Plan", so that "Blue Crown" or "Blue Crown Plan" does not appear thereon.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that all costs are taxed against Defendants, to all of which action of the court Defendants excepted.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendants, Bankers Commercial Life Insurance Company, a corporation, Great United Life Insurance Company, a corporation, and John Abdnor, an individual, their agents, servants and all those in active concert or participation with them, shall have until March 12, 1968 to comply with this Judgment.

Entered this 27 day of September, 1967.

/s/ SARAH T. HUGHES

United States District Judge

APPENDIX B

1114. Remedies—Infringements—Innocent infringers.—

(1) Any person who shall, without the consent of the registrant—

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upor or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

(2) Notwithstanding any other provision of this Act [§ 1051 et seq. of this title], the remedies given to the owner of the right infringed shall be limited as follows:

(a) Where an infringer is engaged solely in the business of printing the mark for others and establishes that he was an innocent infringer the owner of the right infringed shall be entitled as against such infringer only to an injunction against future printing; (b) where the infringement complained of is contained in or is part of paid advertising matter in a newspaper, magazine, or other similar periodical the remedies of the owner of the right infringed as against the publisher or distributor of such newspaper, magazine, or other similar periodical shall be confined to an injunction against the presentation of such advertising matter in future issues of such newspapers, magazines, or other similar periodical: Provided, That these limitations shall apply only to innocent infringers; (c) injunction relief shall not be available to the owner of the right infringed in respect of an issue of a newspaper, magazine, or other similar periodical containing infringing matter when restraining the dissemination of such infringing matter in any particular issue of such periodical would delay the delivery of such issued after the regular time therefor, and such delay would be due to the method by which publication and distribution of such periodical is customarily conducted in accordance with sound business practice, and not to any method or device adopted for the evasion of this section or to prevent or delay the issuance of an injunction or restraining order with respect to such infringing matter. (July 5, 1946, c. 540, Title VI, § 32, 60 Stat. 437; Oct. 9, 1962, P. L. 87-772, § 17, 76 Stat. 773.)

APPENDIX

Art. 3.70-2 (A) (8) of Insurance Code, Vernon's Civil Statutes of the State of Texas.

> "(8) it shall have printed thereon or attached thereto a notice stating in substance that the person to whom to policy is issued shall be permitted to return the policy within ten (10) days of its delivery to such person and to have the premium paid refunded if, after examination of the policy, such person is not satisfied with it for any reason. If such person pursuant to such notice, returns the policy to the insurer at its home or branch office or to the agent through whom it was purchased, it shall be void from the beginning and the parties shall be in the same position as if no policy had been issued. This subdivision shall not apply to single premium non-renewable policies. As amended Acts 1965, 59th Leg., p. 329, ch. 154, #1, eff. Jan. 1, 1966.

Art. 851—C. Registration and protection of trademarks and service marks

Definitions

Section 1. For the purposes of this Act, unless otherwise required by the context:

(a) "Mark" includes any trademark or service mark whether registered or not. "Trademark" includes any word, name, symbol, or device or any combination thereof adopted and used by a person to identify his goods and distinguish them from tohse manufactured or sold by others in this state. "Service mark" means a mark used in the sale or advertising of services to identi-

fy the services of one person and distinguish them from the services of others and includes without limitation the marks, names, symbols, titles, designations, slogans, character names, and distinctive features of radio or other advertising used in this state.

(b) "Person" means any individual, firm, partnership, corporation, association, union or other organization.

(c) "Applicant" embraces the person filing an application for registration of a mark under this Act or under Acts in force at the time this Act went into effect and includes his legal representatives, successors, assigns and predecessors in title to the mark sought to be registered by said person.

(d) "Registrant" embraces the person to whom a registration has been issued under this Act or under Acts in force at the time this Act went into effect and includes his legal representatives, successors, assigns, and predecessors in title to the registration.

(e) A mark shall be deemed to be used in this state (1) on goods when it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto and the goods are sold, displayed for sale, or otherwise publicly distributed within this state, and (2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in this state.

() "Trade name" includes individual names and surnames, firm names, and lawfully adopted names and titles used by persons to identify their business, vocations, or occupations.

Marks registrable; exceptions

Sec. 2. A mark by which the goods or services of any applicant for registration may be distinguished from the goods or services of others shall be registrable unless it:

(a) consists of or comprises immoral, deceptive or scandalous matter; or

(b) consists of or comprises matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute; or

(c) consists of or comprises the flag or coat of arms or other insignia of the United States, or of any state or muncipality, or of any foreign nation, or any simulation thereof; or

(d) consists of or comprises the name, signature or portrait of any living individual, except with his written consent; or

(e) consists of a mark which, (1) when applied to the goods or services of the applicant, is merely descriptive or deceptively misdescriptive of them, or (2) when applied to the goods or services of the applicant

is primarily geographically descriptive or deceptively misdescriptive of them, or (3) is primarily merely a surname; provided, however, that nothing in this subsection (e) shall prevent the registration of a mark used in this state by the applicant which has become distinctive of the applicant's goods or services. The Secretary of State may accept as evidence that the mark has become distinctive, as applied to the applicant's goods or services, proof of substantially exclusive and continuous use thereof as a mark by the applicant in this state for the five (5) years next preceding the date of the filing of the application for registration; or

(f) consists of or comprises a mark which so resembles a mark registered in this state by another and not abandoned, as to be likely, when applied to or used in connection with the goods or services of the applicant to cause confusion or mistake or to deceive.

Requirements for application for registration; contents; fee

Sec. 3. Subject to the limitations set forth in this Act any person who adopts and uses a mark in this state may file in the office of the Secretary of State, on a form to be furnished by the Secretary of State, an application for registration of that mark, setting forth, but not limited to, the following:

(a) The name and business address of the person applying for such resgistration; and if a corporation, the state of incorporation;

(b) An appointment of the Secretary of State as agent for service of process in any action relating only to the registration which may be issued, if the applicant be, or shall become, a nonresident individual, partnership, or association, or foreign corporation not licensed to do business in this state, or cannot be found in this state;

(c) The goods or services in connection with which the mark is being used, and the mode or manner in which the mark is being used in connection with such goods or services, and the class in which such goods or services are believed to belong;

(d) The date when applicant first used the mark in this state and the date when applicant first used the mark anywhere;

(e) A statement that the applicant believes himself to be the owner of the mark and that no other person to the best of his knowledge and belief has the right in this state to use such mark either in the identical form thereof, or in such near resemblance thereto, as to be likely, when applied to the goods or services of such person, to cause confusion, or to cause mistake, or to deceive.

The application shall be signed and verified by the applicant or by an agent of the applicant.

The application shall be accompanied by a specimen or facsimile of such mark as actually used.

The application for registration shall be accompanied by a filing fee of Ten Dollars ($10) payable to the Secretary of State.

Delivery to secretary of state; duties of secretary of state; certificates of registration

Sec. 4. Duplicate originals of the application including the specimen or facsimile shall be delivered to the Secretary of State as a part of the filing thereof. If the application conforms to law the Secretary of State shall, when all fees have been paid as required by law:

(1) Endorse on each such duplicate original the word "Filed" and the month, day, and the year of the filing thereof.

(2) File one of such duplicate originals in his office.

(3) Issue a certificate of registration evidencing registration on said date of filing, to which he shall affix the other duplicate original.

(4) Deliver said certificate of registration together with the affixed duplicate original of the application to the applicant or his representative.

A certificate of registration issued by the Secretary of State under the provisions of this Act, or a copy thereof duly certified by the Secretary of State, shall be admissible in evidence as prima facia proof of (1) the validity of the registration, (2) registrant's ownership of the mark, and (3) registrant's exclusive right to use

the mark throughout the State of Texas in commerce in connection with the goods or services specified in the certificate, subject to any conditions and limitations stated therein.

Constructive notice

Sec. 5. Registration of a mark under this Act shall be constructive notice throughout the State of Texas of the registrant's claim of ownership thereof throughout Texas.

Judicial review

Sec. 6. All final decisions of the Secretary of State hereunder shall be deemed to be administrative decisions and subject to judicial review in the State District Court of Travis County. In the trial of all appeals from such administrative decisions prosecuted in the courts of this state pursuant to the provisions of this Act, such trials shall be de novo as that terms is used and understood in appeals from justice of the peace courts to county courts. When such an appeal is filed and the court thereby acquires jurisdiction, all administrative or executive action taken prior thereto shall be null and void and of no force and effect, and the rights of the parties thereto shall be determined by the court upon a trial of the matters in controversy uuder rules governing the trial of other civil suits in the same manner and to the same extent as though the matter had been committed to the courts in the

first instance and there had been no intervening administrative or executive action or decision. Under no circumstance shall the substantial evidence rule as interpreted and applied by the courts of Texas in other cases ever be used or applied to appeals prosecuted under the provisions of this Act. The Legislature hereby specifically declares that the provisions of this Section shall not be severable from the balance of this Act, and further specifically declares that this Act would not have been passed without the inclusion of this Section. If this Section, or any part thereof, is for any reason ever held by any court to be invalid, unconstitutional or inoperative in any way, such holding shall apply to this entire Act, and in such event this entire Act shall be null, void and of no force and effect.

Term of registration of mark; renewal; notice of necessity of renewal

Sec. 7. Registration of a mark hereunder shall be effective for a term of ten (10) years from the date of registration, and, upon application filed within six (6) months prior to the expiration of such term, on a form to be furnished by the Secretary of State, the registration may be renewed for a like term. Said application shall be accompanied by an affidavit by the registrant stating that the mark is still in use in this state or showing that any non-use in this state is due to special circumstances which excuse such non-use and is not

due to any intention to abandon the mark in this state. A renewal fee of Ten Dollars ($10), payable to the Secretary of State, shall accompany the application for renewal of the registration.

A registration may be renewed for successive periods of ten (10) years in like manner.

Any registration in force on the date on which this Act shall become effective shall expire ten (10) years from the date of the registration thereof or two (2) years after the effective date of this Act, whichever is later, and may be re-registered by filing an original application with the Secretary of State as aforementioned on a form furnished by him and by paying the aforementioned application filing fee therefor within six (6) months prior to the expiration of the registration.

The Secretary of State shall notify registrants of marks under this and all previous Acts of the necessity of renewal or re-registration by writing to the last known address of the registrants within the period beginning twelve (12) months and ending six (6) months next preceding the expiration of the registration. Failure of the Secretary of State to so notify registrants and failure of any registrant to receive any such notice shall not extend the term of any such registration or excuse failure to renew or re-register.

Assignment of mark; recordation; fee; submission of duplicate copy

Sec. 8. Any mark and its registration hereunder shall be assignable with the good will of the business in which the mark is used, or with that part of the good will of the business connected with the use of and symbolized by the mark. Assignment shall be by instruments in writing duly executed and may be recorded with the Secretary of State upon the payment of a fee of Three Dollars ($3) payable to the Secretary of State who, upon recording of the assignment, shall issue in the name of the assignee a new certificate for the remainder of the term of the registration or of the last renewal therof. An assignment of any registration under this Act shall be void as against any subsequent purchaserd *for valuable consideration without notice unless it is* recorded with the Secretary of State within three (3) months after the date thereof or prior to such subsequent purchase.

A duplicate copy (which may be either a duplicate original or a clear and readable positive photostatic copy of the original on durable paper) of any assignment to be recorded, shall be submitted to the Secretary of State together with an original thereof. If the assignment recordation fee has been paid, then the Secretary of State shall:

(1) Endorse on each of such original and duplicate the words "Filed for record in the office of the Secretary

of State, State of Texas," and the month, day and year of the filing thereof;

(2) File the duplicate of said assignment in his office; and

(3) Return the original so endorsed to the assignee or his representatives.

Record of marks registered or renewed

Sec. 9. The Secretary of State shall keep for public examination a record of all marks registered or renewed under this Act and other records of all instruments recorded in accordance with the provisions of Section 8.

Cancellation of registration of mark

Sec. 10. The Secretary of State shall cancel from the register:

(1) After two years from the effective date of this Act, all registrations under prior Acts which are more than ten (10) years old and not re-registered in accordance with this Act;

(2) Any registration concerning which the Secretary of State shall receive a voluntary request for cancellation thereof from the owner of the registration as evidenced by the registration and any assignment thereof recorded in the office of the Secretary of State;

(3) All registrations granted under this Act and not renewed in accordance with the provisions hereof;

(4) Any registration concerning which a district court or court appellate thereto shall render a judgment from which no appeal has or can be taken, finding:

(a) that the registered mark has been abandoned;

(b) that the registrant is not the owner of the mark;

(c) that the registration was granted contrary to the provisions of this Act;

(d) that the registration was obtained fraudulently;

(e) that the registered mark has become incapable of serving as a mark;

(5) Any registration, the cancellation of which has been ordered on any ground by a judgment of a district court or courts appellate thereto, from which no appeal has or can be taken.

Action to cancel registration of mark

Sec. 11. Any person who believes he is or will be damaged by the registration of a mark under this Act may bring an action to cancel such registration. Such action may be brought in any district court of the State of Texas having venue thereof:

(1) When the agent appointed to receive process is the Secretary of State, the Secretary of State shall forward notice of such action by registered mail to the registrant at his last address of record.

(2) Notice of any such action shall be transmitted by the clerk of the court in which the action is brought to the Secretary of State who shall place such notice in the file of such registration with proper notations and endorsements.

(3) The losing party, in a case wherein it is found that he should have known his position was without merit, may in the discretion of the court have taxed against him as part of the costs, the reasonable attorneys' fees of the prevailing party.

(4) The clerk of the court decreeing the cancellation or making of any of the findings specified in Section 10(4) hereof shall, when such decree becomes final, transmit a certified copy of the judgment to the Secretary of State.

Classification of goods and services

Sec. 12. The following general classes of goods and services are established for convenience of administration of this Act but not to limit or extend the applicant's or registrant's rights. A single application for registration of a mark may include any or all goods or services upon which the mark is actually being used and which are comprised in a single class. In no event shall a single application include goods or services upon which the mark is being used and which fall within different classes. The Secretary of State is authorized to amend the classification of goods and services to conform with

the classification established and as may be amended by the U.S. Patent Office.

CLASSIFICATION OF GOODS

Class	Title
1	Raw or partly prepared materials
2	Receptacles
3	Baggage, animal equipments, portfolios, and pocketbooks
4	Abrasives and polishing materials
5	Adhesives
6	Chemicals and chemical compositions
7	Cordage
8	Smokers' articles, not including tobacco products
9	Explosives, firearms, equipments, and projectiles
10	Fertilizers
11	Inks and inking materials
12	Construction materials
13	Hardware and plumbing and steam-fitting supplies
14	Metals and metal castings and forgings
15	Oils and greases
16	Protective and decorative coatings
17	Tobacco products
18	Medicines and pharmaceutical preparations
19	Vehicles
20	Linoleum and oiled cloth
21	Electrical apparatus, machines and supplies
22	Games, toys and sporting goods
23	Cutlery, machinery, and tools and parts thereof
24	Laundry appliances and machines
25	Locks and safes
26	Measuring and scientific appliances
27	Horological instruments
28	Jewelry and precious-metal ware
29	Brooms, brushes, and dusters
30	Crockery, earthenware, and porcelain

CLASSIFICATION OF GOODS—Continued

Class	Title
31	Filters and refrigerators
32	Furniture and upholstery
33	Glassware
34	Heating, lighting and ventilating apparatus
35	Belting, hose, machinery packing, and non-metallic tires
36	Musical instruments and supplies
37	Paper and stationery
38	Prints and publications
39	Clothing
40	Fancy goods, furnishings, and notions
41	Canes, parasols, and umbrellas
42	Knitted, netted and textile fabrics and substitutes therefor
43	Thread and yarn
44	Dental, medical and surgical appliances
45	Soft drinks and carbonated waters
46	Foods and ingredients of foods
47	Wines
48	Malt beverages and liquors
49	Distilled alcoholic liquors
50	Merchandise not otherwise classified
51	Cosmetics and toilet preparations
52	Detergents and soaps

CLASSIFICATION OF SERVICES

100	Miscellaneous
101	Advertising and business
102	Insurance and financial
103	Construction and repair
104	Communication
105	Transportation and storage
106	Material treatment
107	Education and entertainment

Obtaining registration by false or fraudulent statements; civil action

Sec. 13. Any person who shall for himself, or on behalf of any other person, procure the filing of any application or the registration of any mark in the office of the Secretary of State under the provisions hereof, by knowlingly making any false or fraudulent representation or declaration, orally or in writing, or by any other fraudulent means, shall be liable, in a civil action brought in any district court having venue by any person injured thereby, to pay any damages sustained by such injured person in consequence of the use of such mark, and the costs of such action, including attorney's fees, and the court shall order cancellation of the registration of such mark.

Preservation of common law rights; livestock brands or marks

Sec. 14. Nothing herein shall adversely affect common law rights acquired in a mark prior to registration thereof hereunder. However, during the effective registration hereunder of a mark, no common law rights may be acquired as against the registrant thereof, unless said registrant shall have abandoned the mark, and nothing in this Act shall apply to the registration or use of livestock brands or marks.

Wrongful acts against owner of registered mark; immunity of advertising media

Sec. 15. Subject to the provisions of Section 14 hereof, any person shall be liable in a civil action by the owner of a registered mark for any or all of the remedies provided in Section 16 hereof, if such person:

(a) without the consent of the registrant, uses anywhere in the State of Texas, any reproduction, counterfeit, copy or colorable imitation of a mark registered under this Act, in connection with the sale, offering for sale or advertising of any goods or services in connection with which such use is likely to deceive or to cause confusion or mistakes as to the source or origin of such goods or services;

(b) without the consent of registrant, reproduces, counterfeits, copies or colorably imitates any such registered mark and applies such reproduction, counterfeit, copy or colorable imitation to labels, signs, prints, packages, wrappers, receptacles, or advertisements, intended to be used upon or in conjunction with the sale or other distribution in this state of such goods or services. Provided, however, that no person engaged in business as the owner or operator of a radio or television station or as the owner or publisher of a newspaper, magazine, telephone or other directory or publication shall be liable hereunder for, or subject to, any of the remedies provided in Section 16 hereof for the use of any mark furnished to such person by one of its advertisers or customers.

Remedies for wrongful acts

Sec. 16. A registrant under this Act may proceed by suit in any District Court having venue to enjoin any act for which liability may be imposed under Section 15 hereof, and any such District Court shall grant injunctions to restrain such acts, and may require the defendant to pay to such registrant all damages suffered by reason of such acts from and after the date two years prior to the date of filing of the suit; any such court may also order that any reproductions, counterfeits, copies or colorable imitations described in Section 15 hereof, in the possession or under the control of any defendant in such suit, be delivered to any officer of the court, or to the complainant, to be destroyed; provided, however, that the owner of any infringed mark may not recover damages from an infringer for infringements occurring during a period of time when the infringer did not have actual knowledge of the owner's mark.

Sec. 17. [Amended Vernon's Ann.P.C. art. 1058]

Sec. 18. [Repealed and enacted a new art. 843]

Effect on pending litigation; repealer

Sec. 19. This Act shall be in force and take effect upon its passage, but shall not affect any suit, proceeding or appeal then pending. Subject to the terms of Section 10 hereof, Articles 844 through 851—B inclusive of the Revised Statutes of Texas, 1925, and Articles 1061

through 1062, inclusive, and Article 1066 of the Penal Code of Texas, Revised 1925, and parts of any other Acts inconsistent herewith are hereby repealed on the effective date of this Act. Provided that as to any suit, proceeding or appeal, and for that purpose only, pending at the time this Act takes effect such repeal or substitution shall be deemed not to be effective until final determination of said pending suit, proceeding or appeal. Acts 1962, 57th Leg., 3rd C.S., p. 62, ch. 24, §§ 1-16, 19.